

AIM: MERC

2 November 2011

Merchant Securities Group plc

("Merchant Securities" or "the Company")

Notice of General Meeting, posting of Circular and Offer Document

Further to the announcement released on 31 October 2011 regarding the recommended cash offer by Sanlam Private Investment Holdings UK Limited ("SPIH"), a direct wholly-owned subsidiary of Sanlam UK Limited and an indirect wholly-owned subsidiary of Sanlam Limited to acquire the entire issued and to be issued ordinary share capital of Merchant Securities other than the shares in Merchant Securities which it already owns or has contracted to acquire and any treasury shares (the "Offer Announcement"), the Company announces that a Notice of General Meeting, together with an explanatory circular, is being sent to its shareholders today.

The General Meeting is to be convened to consider and, if thought fit, pass the Ordinary Resolution pursuant to Rule 16 of the City Code and the Special Resolution referred to in the Offer Announcement.

In addition, the Offer Document and the Form of Acceptance are also being posted to shareholders today. The first closing date for the Offer is 23 November 2011. The Circular (along with the Offer Document, Form of Acceptance and the Offer Announcement) will also be available on www.merchantsecurities.co.uk and www.sanlam.co.uk no later than 12 noon on 3 November 2011.

The Offer is being made on the terms and conditions set out in full in the Offer Document and the Form of Acceptance.

Save as defined herein, defined terms in this announcement are as defined in the Offer Announcement.

For further information, please contact:

SPIH

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Merchant Securities

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Biddicks

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Further Information

Lincoln International LLP, which is authorised and regulated in the UK by the FSA for investment business activities, is acting exclusively as financial adviser to SPIH and no one else in connection with the Offer and will not be responsible to anyone other than SPIH for providing the protections afforded to clients of Lincoln International or for providing advice in relation to the Offer or any other matters referred to in this announcement.

Grant Thornton UK LLP, which is authorised and regulated in the UK by the FSA for investment business activities, is acting exclusively as financial adviser to Merchant Securities and no one else in connection with the Offer and will not be responsible to anyone other than Merchant Securities for providing the protections afforded to clients of Grant Thornton or for providing advice in relation to the Offer or any other matters referred to in this announcement.

This announcement is not intended to and does not constitute, or form any part of, an offer to sell or an invitation to subscribe for or purchase any securities or the solicitation of an offer to purchase or subscribe for any securities in any jurisdiction pursuant to the Offer or otherwise. The Offer will be made solely through the Offer Document, which will contain the full terms and conditions of the Offer (including details on how to accept the Offer). Any response in relation to the Offer should be made only on the basis of the information contained in the Offer Document and the Form of Acceptance or any other document by which the Offer is made. Merchant Shareholders are advised to read carefully the formal documentation in relation to the Offer once it has been dispatched. This announcement does not constitute a prospectus or prospectus equivalent document.

Overseas Shareholders

This announcement has been prepared for the purpose of complying with English law and the City Code and the information disclosed may not be the same as would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the UK. Unless otherwise determined by SPIH or required by the City Code and permitted by applicable law and regulation, the Offer will not be made, directly or indirectly, in or into, or by use of the mails, or by any means or instrumentality (including, without limitation, by means of telephone, facsimile, internet or other forms of electronic communication) of interstate or foreign commerce of, or any facilities of a securities exchange of, any Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction. Accordingly, unless otherwise determined by SPIH or required by the City Code and permitted by applicable law and regulation, copies of this announcement and any other related document are not being, and must not be, directly or indirectly, mailed or otherwise distributed or sent in or into any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not distribute or send them in, into or from such jurisdictions as doing so may make invalid any purported acceptance of the Offer by persons in any such jurisdiction.

The availability of the Offer to persons not resident in the UK may be affected by the laws of the relevant jurisdiction. Persons who are subject to the laws of any jurisdiction other than the UK should obtain professional advice and observe any applicable requirements.

Forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of SPIH and Merchant Securities and certain plans and objectives of the boards of directors of SPIH and Merchant Securities. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “will”, “may”, “should”, “would”, “could” or other words of similar meaning. These statements are based on assumptions and assessments made by the boards of directors of SPIH and Merchant Securities in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, and the factors described in the context of such forward-looking statements in this announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements.

Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this announcement. Neither SPIH or Merchant Securities nor their respective boards of directors assume any obligation to update or correct the information contained in this announcement, whether as a result of new information, future events or otherwise, except to the extent legally required.

The statements contained in this announcement are made as at the date of this announcement, unless some other time is specified in relation to them, and service of this announcement shall not give rise to any implication that there has been no change in the facts set out in this announcement

since such date. Nothing contained in this announcement shall be deemed to be a forecast, projection or estimate of the future financial performance of SPIH or Merchant Securities or any member of the Sanlam Group or Merchant Group except where expressly stated.

Dealing disclosure requirements

Under Rule 8.3(a) of the City Code, any person who is interested in 1.00 per cent. or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the tenth business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the tenth business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the City Code, any person who is, or becomes, interested in 1.00 per cent. or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.